

LEGISLATURE OF NEBRASKA

NINETY-NINTH LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 960**

Introduced by Kremer, 34; Baker, 44; Combs, 32; Cudaback, 36;  
Cunningham, 40; Fischer, 43; Flood, 19; Heidemann,  
1; Hudkins, 21; Langemeier, 23; Louden, 49; McDonald,  
41; Schrock, 38; Smith, 48; Stuhr, 24; Wehrbein, 2

Read first time January 6, 2006

Committee: Revenue

A BILL

1 FOR AN ACT relating to revenue and taxation; to amend section  
2 77-5023, Revised Statutes Cumulative Supplement, 2004,  
3 and sections 77-201 and 79-1016, Revised Statutes  
4 Supplement, 2005; to change valuation of agricultural  
5 land and horticultural land; to provide an operative  
6 date; and to repeal the original sections.

7 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 77-201, Revised Statutes Supplement,  
2   2005, is amended to read:

3           77-201 (1) Except as provided in subsections (2) through  
4   (4) of this section, all real property in this state, not expressly  
5   exempt therefrom, shall be subject to taxation and shall be valued  
6   at its actual value.

7           (2) Agricultural land and horticultural land as defined  
8   in section 77-1359 shall constitute a separate and distinct class  
9   of property for purposes of property taxation, shall be subject  
10   to taxation, unless expressly exempt from taxation, and shall be  
11   valued at ~~eighty~~ seventy percent of its actual value.

12          (3) Agricultural land and horticultural land actively  
13   devoted to agricultural or horticultural purposes which has value  
14   for purposes other than agricultural or horticultural uses and  
15   which meets the qualifications for special valuation under section  
16   77-1344 shall constitute a separate and distinct class of property  
17   for purposes of property taxation, shall be subject to taxation,  
18   and shall be valued for taxation at ~~eighty~~ seventy percent of its  
19   special value as defined in section 77-1343 and at ~~eighty~~ seventy  
20   percent of its recapture value as defined in section 77-1343  
21   when the land is disqualified for special valuation under section  
22   77-1347.

23          (4) Commencing January 1, 2006, historically significant  
24   real property which meet the qualifications for historic  
25   rehabilitation valuation under sections 77-1385 to 77-1394 shall be

1 valued for taxation as provided in such sections.

2           (5) Tangible personal property, not including motor  
3 vehicles registered for operation on the highways of this state,  
4 shall constitute a separate and distinct class of property for  
5 purposes of property taxation, shall be subject to taxation, unless  
6 expressly exempt from taxation, and shall be valued at its net  
7 book value. Tangible personal property transferred as a gift or  
8 devise or as part of a transaction which is not a purchase shall be  
9 subject to taxation based upon the date the property was acquired  
10 by the previous owner and at the previous owner's Nebraska adjusted  
11 basis. Tangible personal property acquired as replacement property  
12 for converted property shall be subject to taxation based upon  
13 the date the converted property was acquired and at the Nebraska  
14 adjusted basis of the converted property unless insurance proceeds  
15 are payable by reason of the conversion. For purposes of this  
16 subsection, (a) converted property means tangible personal property  
17 which is compulsorily or involuntarily converted as a result of  
18 its destruction in whole or in part, theft, seizure, requisition,  
19 or condemnation, or the threat or imminence thereof, and no gain  
20 or loss is recognized for federal or state income tax purposes  
21 by the holder of the property as a result of the conversion and  
22 (b) replacement property means tangible personal property acquired  
23 within two years after the close of the calendar year in which  
24 tangible personal property was converted and which is, except for  
25 date of construction or manufacture, substantially the same as the

1 converted property.

2 Sec. 2. Section 77-5023, Revised Statutes Cumulative  
3 Supplement, 2004, is amended to read:

4 77-5023 (1) Pursuant to section 77-5022, the commission  
5 shall have the power to increase or decrease the value of a class  
6 or subclass of real property in any county or taxing authority  
7 or of real property valued by the state so that all classes  
8 or subclasses of real property in all counties fall within an  
9 acceptable range.

10 (2) An acceptable range is the percentage of variation  
11 from a standard for valuation as measured by an established  
12 indicator of central tendency of assessment. Acceptable ranges are:

13 (a) For agricultural and horticultural land as defined in section  
14 77-1359, ~~seventy-four to eighty~~ sixty-four to seventy percent of  
15 actual value; (b) for lands defined in section 77-1344 receiving  
16 special valuation, ~~seventy-four to eighty~~ sixty-four to seventy  
17 percent of special valuation as defined in section 77-1343 and  
18 ~~seventy-four to eighty~~ sixty-four to seventy percent of recapture  
19 valuation as defined in section 77-1343; and (c) for all other real  
20 property, ninety-two to one hundred percent of actual value.

21 (3) Any increase or decrease shall cause the indicator of  
22 central tendency of assessment utilized by the commission to be at  
23 the midpoint of the applicable acceptable range.

24 (4) Any decrease or increase to a subclass of property  
25 shall also cause the indicator of central tendency utilized by the

1 commission for the class from which the subclass is drawn to be  
2 within the applicable acceptable range.

3 (5) Whether or not an established indicator of central  
4 tendency falls within an acceptable range or at the midpoint of  
5 an acceptable range may be determined to a reasonable degree  
6 of certainty relying upon generally accepted mass appraisal  
7 techniques.

8 Sec. 3. Section 79-1016, Revised Statutes Supplement,  
9 2005, is amended to read:

10 79-1016 (1) On or before August 25, the county assessor  
11 shall certify to the Property Tax Administrator the total taxable  
12 value by school district in the county for the current assessment  
13 year on forms prescribed by the Property Tax Administrator.  
14 The county assessor may amend the filing for changes made to  
15 the taxable valuation of the school district in the county if  
16 corrections or errors on the original certification are discovered.  
17 Amendments shall be certified to the Property Tax Administrator on  
18 or before September 30. For 2005, pursuant to orders issued by  
19 the State Committee for the Reorganization of School Districts on  
20 or before December 1, 2005, for a Class I school district which  
21 dissolves and attaches its territory to a Class II, III, IV, or  
22 VI school district in such a manner that the parcels of property  
23 do not become a part of the local system with which they were  
24 previously affiliated or to which they were previously attached,  
25 the Property Tax Administrator shall require the county assessor to

1   recertify the Class I district's taxable valuation according to the  
2   new affiliation on or before December 20, 2005, on forms prescribed  
3   by the Property Tax Administrator. For any local system's territory  
4   which is affected by a recertification of a Class I district's  
5   taxable valuation, the Property Tax Administrator shall compute  
6   and recertify the adjusted valuation to each local system and the  
7   department on or before February 1, 2006.

8           (2) On or before October 10, the Property Tax  
9   Administrator shall compute and certify to the State Department  
10   of Education the adjusted valuation for the current assessment  
11   year for each class of property in each school district and each  
12   local system for state aid to be certified for the following  
13   school fiscal year. The adjusted valuation of property for each  
14   school district and each local system, for purposes of determining  
15   state aid pursuant to the Tax Equity and Educational Opportunities  
16   Support Act, shall reflect as nearly as possible state aid value  
17   as defined in subsection (3) of this section. The Property Tax  
18   Administrator shall notify each school district and each local  
19   system of its adjusted valuation for the current assessment year by  
20   class of property on or before October 10. Establishment of the  
21   adjusted valuation shall be based on the taxable value certified by  
22   the county assessor for each school district in the county adjusted  
23   by the determination of the level of value for each school district  
24   from an analysis of the comprehensive assessment ratio study or  
25   other studies developed by the Property Tax Administrator, in

1 compliance with professionally accepted mass appraisal techniques,  
2 as required by section 77-1327. The Property Tax Administrator  
3 shall adopt and promulgate rules and regulations setting forth  
4 standards for the determination of level of value for school aid  
5 purposes.

6 (3) For purposes of this section, state aid value means:

7 (a) For real property other than agricultural and  
8 horticultural land, one hundred percent of actual value;

9 (b) For agricultural and horticultural land, ~~eighty~~  
10 seventy percent of actual value as provided in sections 77-1359  
11 to 77-1363. For agricultural and horticultural land that receives  
12 special valuation pursuant to section 77-1344, ~~eighty~~ seventy  
13 percent of special valuation as defined in section 77-1343; and

14 (c) For personal property, the net book value as defined  
15 in section 77-120.

16 (4) On or before November 10, any local system may file  
17 with the Property Tax Administrator written objections to the  
18 adjusted valuations prepared by the Property Tax Administrator,  
19 stating the reasons why such adjusted valuations are not the  
20 valuations required by subsection (3) of this section. The Property  
21 Tax Administrator shall fix a time for a hearing. Either party  
22 shall be permitted to introduce any evidence in reference thereto.  
23 On or before January 1, the Property Tax Administrator shall enter  
24 a written order modifying or declining to modify, in whole or  
25 in part, the adjusted valuations and shall certify the order to

1 the State Department of Education. Modification by the Property  
2 Tax Administrator shall be based upon the evidence introduced at  
3 hearing and shall not be limited to the modification requested  
4 in the written objections or at hearing. A copy of the written  
5 order shall be mailed to the local system within seven days after  
6 the date of the order. The written order of the Property Tax  
7 Administrator may be appealed within thirty days after the date  
8 of the order to the Tax Equalization and Review Commission in  
9 accordance with section 77-5013.

10 (5) On or before November 10, any local system or county  
11 official may file with the Property Tax Administrator a written  
12 request for a nonappealable correction of the adjusted valuation  
13 due to clerical error or, for agricultural and horticultural land,  
14 assessed value changes by reason of land qualified or disqualified  
15 for special use valuation pursuant to sections 77-1343 to 77-1348.  
16 For purposes of this subsection, clerical error means transposition  
17 of numbers, allocation of value to the wrong school district,  
18 mathematical error, and omitted value. On or before the following  
19 January 1, the Property Tax Administrator shall approve or deny the  
20 request and, if approved, certify the corrected adjusted valuations  
21 resulting from such action to the State Department of Education.

22 (6) On or before May 31 of the year following the  
23 certification of adjusted valuation pursuant to subsection (2) of  
24 this section, any local system or county official may file with the  
25 Property Tax Administrator a written request for a nonappealable



1 correction of the adjusted valuation due to changes to the tax  
2 list that change the assessed value of taxable property. Upon the  
3 filing of the written request, the Property Tax Administrator shall  
4 require the county assessor to recertify the taxable valuation by  
5 school district in the county on forms prescribed by the Property  
6 Tax Administrator. The recertified valuation shall be the valuation  
7 that was certified on the tax list, pursuant to section 77-1613,  
8 increased or decreased by changes to the tax list that change the  
9 assessed value of taxable property in the school district in the  
10 county in the prior assessment year. On or before the following  
11 July 31, the Property Tax Administrator shall approve or deny the  
12 request and, if approved, certify the corrected adjusted valuations  
13 resulting from such action to the State Department of Education.

14 (7) No injunction shall be granted restraining the  
15 distribution of state aid based upon the adjusted valuations  
16 pursuant to this section.

17 (8) A school district whose state aid is to be calculated  
18 pursuant to subsection (5) of this section and whose state aid  
19 payment is postponed as a result of failure to calculate state  
20 aid pursuant to such subsection may apply to the state board for  
21 lump-sum payment of such postponed state aid. Such application may  
22 be for any amount up to one hundred percent of the postponed state  
23 aid. The state board may grant the entire amount applied for or any  
24 portion of such amount. The state board shall notify the Director  
25 of Administrative Services of the amount of funds to be paid in

1 a lump sum and the reduced amount of the monthly payments. The  
2 Director of Administrative Services shall, at the time of the next  
3 state aid payment made pursuant to section 79-1022, draw a warrant  
4 for the lump-sum amount from appropriated funds and forward such  
5 warrant to the district.

6 Sec. 4. This act becomes operative on January 1, 2007.

7 Sec. 5. Original section 77-5023, Revised Statutes  
8 Cumulative Supplement, 2004, and sections 77-201 and 79-1016,  
9 Revised Statutes Supplement, 2005, are repealed.